

DEPARTMENT OF ADMINISTRATION
DIVISION OF PERSONNEL SERVICES

FY 2004 ANNUAL REPORT



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FY 2004 Annual Report

Since January 2003, the state's Human Resource Community (the Division of Personnel Services and the agency HR directors and their staff) has worked to become strategic partners and change agents who lead the state's efforts to achieve its long-term goals and improve on its effectiveness in the design and delivery of critical programs and services. In FY 2004, the HR Community made significant progress in building its capacity and realigning human resource functions and systems to support of this transition.

Fiscal Year 2004 was a time of problem finding and problem solving. The HR Community examined every element of the Kansas Merit System to identify and eliminate barriers to the timely and effective resolution of HR problems and concerns; to find the right mix of centralized and decentralized authorities; and to build a system that supports agencies' efforts to accomplish their missions.

Additionally, our efforts were focused on program and policy design to address the changing demographics composition of the workforce. The workforce is aging, its institutional knowledge is being dissipated by retirements, and it is becoming increasingly difficult to recruit and retain qualified replacements. New programs and policy must embrace diversity programs and center on capacity building. Work is underway to strengthen our diversity programs and to rethink all programs, including compensation and benefit packages, to address the needs of the emerging workforce. A special emphasis is being given to skill improvement strategies that will help employees develop and maintain critical skills.

This report summarizes major accomplishments of the Human Resource Community in FY 2004 and previews efforts for FY 2005. We welcome the opportunity to provide more detail on these efforts and accomplishments. Persons seeking more information should contact Karen Watney (785) 296-4384 or karen.watney@da.state.ks.us.

Building Capacity

During FY 2004, the state's Human Resource Community worked to build capacity by:

- Focusing on agency and individual employee needs to grow and develop.
- Decentralizing HR functions to increase agency capability.
- Identifying and evaluating future demographics and the needs of the workforce of the future.

The Human Resource Community initiated, continued, or enhanced the following efficiencies and improvements:

- **Implemented Capacity-Building Strategies to:**
 - ✓ Foster adult-to-adult relationships.
 - ✓ Engage employees.
 - ✓ Hire/Promote individuals who can support collaborative, values driven work relationships.

As part of this effort, the human resource committee will help form a network of multi-agency staff who can promote dispute resolution within state agencies. The goal is to increase job satisfaction and productivity through practical problem solving of job and/or interpersonal tensions.

- **Incorporated a Diversity Component to the State of Kansas New Employee Orientation.** To help employees understand diversity, its value and its impact, and to provide direction on working within and supporting a diverse environment.

- **Updated the Information Technology Profile/Position Description.** To better reflect the work and the skills needed in the information technology fields.
- **Changed the Approach in Developing and Managing Affirmative Action Plans.** To streamline processes and develop a greater focus on outcomes.
- **Initiated a SHARP/PeopleSoft User Meeting.**
 - ✓ Allows users to ask questions regarding the software.
 - ✓ Allows DPS to provide users with important updates, tips, and techniques associated with the software.

Increasing Efficiency and Effectiveness

During FY 2004, the state's Human Resource Community increased the efficiency and effectiveness of the state's HR system by:

- Continuing to identify and manage to the right mix of centralized and decentralized authorities.
- Continuing to develop interagency partnerships and partnerships between the agencies and DPS to create a shared-service capability.
- Streamlining and simplifying policy requirements and processes.

Among their efforts in this area, the Human Resource Community:

- **Finalized Proposals for Changes to Sixty-Five (65) Personnel Regulations.**

The personnel regulations implement the requirements of Kansas Merit System law and provide the requirements, and a direction, for all HR programs and services. Fundamental system changes begin with changes to the state personnel regulations.

- **Established a Shared Leave Committee.**

The Committee centralizes what has been a decentralized process. It provides consistency between agencies to determine who qualifies for shared leave and reduces the cost of the Shared Leave Program. Currently, the Committee reviews and decides all shared leave requests for Cabinet agencies. With the adoption of proposed regulations, the Committee will review and decide shared leave requests for all Executive Branch agencies except for those headed by elected officials.

- **Fine-tuned Systems and Processes Associated with Decentralization, Streamlining and Simplifying.**

We have attended to a wealth of details in following through on efforts to decentralize, streamline and simplify programs, systems and processes. There is a growing commitment for continuous improvement and value added services.

- **Continued Quarterly Statewide HR Conferences.**

These are working conferences to provide all agencies with the opportunity to be involved in the assessment of work completed and the planning of work to be done. We consider these conferences to be critical to the development and maintenance of partnerships.

Improving the Classification and Compensation (Pay) System

During FY 2004, the Human Resource Community worked to identify measures that would improve the classification and compensation (pay) system to:

- Be able to attract, retain, and reward a competent workforce.
- Provide competitive pay rates.
- Provide more flexibility in administering and managing employee compensation.
- Recognize and reward “the value of the employee.”
- Provide a balanced mix of total compensation programs and practices.
- Utilize a smaller workforce where employees have a wider range of responsibilities.
- Simplify and modify the classification structure.

A team of agency human resources managers and analysts reviewed historical data and data on current practices in both private and public sector compensation and classification policies to identify best practices. This “Compensation and Classification Team” concluded that the state should:

- **Establish Broad-Based Classes to:**
 - ✓ Group jobs by occupation-specific tasks and skills for the purpose of pay.
 - ✓ Broad-based classes classify a job into one of three roles based on the level in a career ladder.
 - ✓ Simplify and reduce the time spent on classification decisions.
- **Establish Salary Management Principles to:**
 - ✓ Be sufficiently flexible and responsive to changing market conditions to meet needs for years to come.
 - ✓ Be able to accommodate organizational changes and adapt to labor market developments.
 - ✓ Take advantage of proven new ideas and technologies.
- **Involve Employees and Managers in the process.**

As primary stakeholders, employees and managers are involved in every step of the design and implementation strategy for a new classification and pay system.

While much was accomplished and recommended by the Compensation and Classification team, they concluded there is much more to do. Among the items the team will look at in the next three years are:

- ✓ Maintain competitive wage rates
- ✓ Restructure the classification system to support career growth and efficiency, and to reduce the number of the state's classified job classes
- ✓ Ease wage compression among employees.
- ✓ Position the State financially for implementation of a new classification and compensation system, which provides competitive wages while recognizing, and rewarding valued employees.

In-Grade Pay Increases

At the beginning of FY 2004, the Governor signed Executive Directive #04-353, implementing an In-Grade Pay Increase Program. The In-Grade Pay Increase Program Provides agencies the capacity to:

- ✓ Correct pay inequities.
- ✓ Counter a documented job offer by another employer.
- ✓ Adjust salaries to, or close to, market without the need for a protracted study.
- ✓ Compensate an employee for obtaining a license, certification, or other type of credential critical to the agency's operation.
- ✓ Compensate an employee for stepping up to more challenging responsibility.
- ✓ Compensate for conditions of employment that may create a hardship for an employee such as travel.
- ✓ Provides geographic or language pay differential.

Improving the Administration of Benefits

During FY 04, the Human Resources Community worked to identify measures that would serve to improve the overall administration of employee benefits in the Kansas Civil Service System by:

- Identifying measures and strategies that could reduce the time to enroll active employees, retirees and non-state groups to various health plans.
- Identifying methods to simplify the enrollment process for active employees, retirees and non-state groups to various health plans.
- Identifying technological advances that would streamline and enhance services, including the enhancement of the electronic application and development and implementation of electronic scanning for State Self-Insurance Fund and Group Health Insurance documents.

FY 2004 accomplishments include:

- **Rewriting and Repackaging Open Enrollment Materials to Assist Members in making decisions to:**
 - ✓ Better understand their health plan choices.
 - ✓ Assist in making decisions on their healthcare options.
 - ✓ Enhance awareness of healthcare costs as consumers.
- **Providing More Timely Eligibility Data to the Pharmacy Benefit Manager.**

We began sending two weekly enrollment file updates to the Pharmacy Benefit Manager instead of one. This will achieve:

 - ✓ A reduction of initial claims payment rejections.
 - ✓ Fewer re-submissions of claims.
 - ✓ Less waiting time for participants and pharmacies.
 - ✓ Fewer claims paid after termination.
- **Implementing an Electronic Scanning Process for State Self-Insurance Fund and Group Health Insurance Documents to:**
 - ✓ Reduce paper volume.
 - ✓ Improve filing accuracy.
 - ✓ Provide cost savings on renting office space needed to house file cabinets.
 - ✓ Improve accessibility to documents.

- **Eliminating the Paper Payment Vouchers for Workers Compensation Medical Payments to Vendors which Provides Cost Savings in Staff Hours and Paper Use.**
- **Enhancing the HealthQuest Web Information.**
 - ✓ We created templates relating to HealthQuest topics, which greatly streamlined information updating.
 - ✓ Employees now have the ability to make comments regarding their individual wellness experiences that can be shared with staff as well as other employees visiting the website.
- **Implemented STAR Employee Discount Program.** The Star Discount Program offers State of Kansas employees an opportunity to take advantage of product and service discounts offered by various vendors throughout the state.
- **Creating the Shared Leave Committee.**
(Please see previous explanation on page 2.)

Improving the Recruiting and Hiring Process

During FY 2004, the state's Human Resource Community worked to identify measures that would serve to improve the overall the recruiting and hiring processes in the Kansas Merit System in:

- Attracting, retaining and rewarding a competent workforce.
- Simplifying the application process for job seekers and agencies.
- Taking advantages of technological advances that enable agencies to expedite the application process.

Through a series of team meetings, recommendations from state employees, and the review of current recruitment practices and processes, we have improved the hiring process by:

- **Upgrading of System of Vacancy Notification.**
 - ✓ We implemented a collective advertising of Kansas Merit System vacancies and a centralized vacancy listing.
 - ✓ We reduced the collective cost of advertising for state agencies and presented a structured and consolidated vacancy listing generated by the state.
 - ✓ Since December 20, 2003, we have saved approximately \$50,000 in advertising.
- **Upgrading the Application Process.**
 - ✓ We discontinued the employment registration process.
- **Enhanced the Online Employment Application process.** Developed a centralized online source for agency e-mail addresses that allows applicants the ability to attach resumes, cover letters, and ask recruitment questions.
- **Upgrading Existing Communications.**
 - ✓ We renewed our commitment to continuously improve the overall quality of service to job seekers.

- **Re-quantifying the Minimum Qualifications for Classified Job Classes.** We have returned to the process of quantifying requirements that are more meaningful to both managers and applicants.

By the Numbers:

- \$12,119.00 spent in advertising dollars with the Topeka Capital Journal from 12/20/03-11/30/04.
- 31 agencies have advertised 210 vacancies using the display ad concept.
- \$57.71 is the advertisement cost per vacancy.
- \$300 is the estimated cost per vacancy (conservative estimate). Based on this estimation the total cost for advertising 210 vacancies would be \$63,000.
- \$50,881 in advertising has conservatively been saved by agencies and taxpayers through the

We have saved in advertising in two ways – we advertise less and pay less for each ad. Our efforts in FY 2005 will be to act on strategies to create additional savings.

Streamlining Through Technology

During FY 2004, the state's Human Resource Community worked to identify ways to better utilize technology to:

- Increase employee self-service through technology.
- Increase communication through technology
- Identify technological advances that would enable agencies to expedite the application process.
- Identify information, methods, and system enhancements to assist managers and supervisors in state agencies.

The Human Resource Community initiated, continued, or enhanced the following efficiencies and improvements:

Application Program Systems

- **Enhanced the Open Enrollment Benefits reporting process to work more efficiently.**
- **Initiated the Voucher System with History and Warrant detail.** Developed a voucher interface system that eliminates repetitive data entry into the state's STARS system.
- **Initiated a Group Billing for Inter-fund Transfer for State Self-Insurance Fund.** Developed an automated group billing that creates inter-fund files for upload to State of Kansas that eliminates data entry errors and reduces the review and acceptance process.
- **Initiated a New EEO/AA Reporting System.** Developed a new reporting system that calculates workforce availability statistics for agencies to use in their Affirmative Action plans.
- **Initiated the Notification of New Hires to the Kansas Department of Revenue.** Developed an automated system to notify the KDOR on all new hires for compliance with the State's Tax Clearance program.
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Internet Interfaces

- **Initiated the Agency Resource Center Website.** Developed an agency resource center, which gives agencies the opportunity to share policies, forms, and other information they have developed which saves time and effort for individual agencies. This site also includes a discussion forum to share information and resources quickly.
- **Initiated the Retirement Benefit Estimator.** Developed a web calculator that estimates retirement benefits and optimum retirement date.
- **Initiated the Newspaper Vacancy Ad Billing.** Implemented a system that creates the ad, calculates the cost, and automatically bills the requesting agency through inter-fund transfer.
- **Enhanced the New Employee Orientation Program.** Developed an online State of Kansas Employee Orientation to ensure new employees get consistent information.